

**BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2006-1

MICHAEL JAMES BONNER  
22343 Barcotta Drive  
Santa Clarita, CA 91350

Certified Public Accountant Certificate No. CPA  
45688

Respondent.

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on September 21, 2006.

It is so ORDERED September 21, 2006.

  
\_\_\_\_\_  
FOR THE CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS

RECEIVED

BILL LOCKYER, Attorney General  
of the State of California  
NICHOLAS A. SANCHEZ, State Bar No. 207998  
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Attorneys for Complainant

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CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
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Respondent.

Case No. AC-2006-1

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

IT IS HEREBY STIPULATED AND AGREED by and between the parties to the  
above-entitled proceedings that the following matters are true:

PARTIES

1. Carol Sigmann (Complainant) is the Executive Officer of the California  
Board of Accountancy. She brought this action solely in her official capacity and is represented  
in this matter by Bill Lockyer, Attorney General of the State of California, by Nicholas A.  
Sanchez, Deputy Attorney General.

2. Respondent Michael James Bonner (Respondent) is represented in this  
proceeding by attorney Don D. Nelson, whose address is 34145 Pacific Coast Highway #401,  
Dana Point, CA 92629-2808.

3. On or about August 1, 1986, the California Board of Accountancy issued  
Certified Public Accountant Certificate No. CPA 45688 to Michael James Bonner.

1                   4.     The certificate was expired and not valid during the following periods:

2                             November 1, 1990 through December 19, 1990  
3                             November 1, 1992 through November 27, 1992  
4                             November 1, 1994 through November 25, 1994  
5                             November 1, 1996 through October 31, 2001

6                   5.     For the period of November 1, 2001 through June 27, 2005, the certificate  
7                             was renewed "inactive."

8                   6.     Effective June 28, 2005, the certificate was converted to "active" status.

9                   7.     The certificate will expire on October 31, 2006, unless renewed.

10                             JURISDICTION

11                   8.     Accusation No. AC-2006-1 was filed before the California Board of  
12                             Accountancy (Board) , Department of Consumer Affairs, and is currently pending against  
13                             Respondent. The Accusation and all other statutorily required documents were properly served  
14                             on Respondent on December 21, 2005. Respondent timely filed his Notice of Defense contesting  
15                             the Accusation. A copy of Accusation No. AC-2006-1 is attached as exhibit A and incorporated  
16                             herein by reference.

17                             ADVISEMENT AND WAIVERS

18                   9.     Respondent has carefully read, fully discussed with counsel, and  
19                             understands the charges and allegations in Accusation No. AC-2006-1. Respondent has also  
20                             carefully read, fully discussed with counsel, and understands the effects of this Stipulated  
21                             Settlement and Disciplinary Order.

22                   10.    Respondent is fully aware of his legal rights in this matter, including the  
23                             right to a hearing on the charges and allegations in the Accusation; the right to be represented by  
24                             counsel at his own expense; the right to confront and cross-examine the witnesses against him;  
25                             the right to present evidence and to testify on his own behalf; the right to the issuance of  
26                             subpoenas to compel the attendance of witnesses and the production of documents; the right to  
27                             reconsideration and court review of an adverse decision; and all other rights accorded by the  
28                             California Administrative Procedure Act and other applicable laws.

///

1                   11.     Respondent voluntarily, knowingly, and intelligently waives and gives up  
2 each and every right set forth above.

3   CULPABILITY

4                   12.     Respondent admits the truth of each and every charge and allegation in  
5 Accusation No. AC-2006-1.

6                   13.     Respondent agrees that his Certified Public Accountant Certificate is  
7 subject to discipline and he agrees to be bound by the Board's imposition of discipline as set forth  
8 in the Disciplinary Order below.

9   CONTINGENCY

10                  14.     This stipulation shall be subject to approval by the California Board of  
11 Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of  
12 the California Board of Accountancy may communicate directly with the Board regarding this  
13 stipulation and settlement, without notice to or participation by Respondent or his counsel. By  
14 signing the stipulation, Respondent understands and agrees that he may not withdraw his  
15 agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon  
16 it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement  
17 and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be  
18 inadmissible in any legal action between the parties, and the Board shall not be disqualified from  
19 further action by having considered this matter.

20                  15.     The parties understand and agree that facsimile copies of this Stipulated  
21 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same  
22 force and effect as the originals.

23                  16.     In consideration of the foregoing admissions and stipulations, the parties  
24 agree that the Board may, without further notice or formal proceeding, issue and enter the  
25 following Disciplinary Order:

26   DISCIPLINARY ORDER

27                   IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA  
28 45688 issued to Respondent Michael James Bonner is revoked. However, the revocation is

1 stayed and Respondent is placed on probation for three (3) years on the following terms and  
2 conditions.

3           1.     **Actual Suspension.** Certified Public Accountant Certificate No. CPA  
4 45688 issued to Respondent Michael James Bonner is suspended for six (6) months. During the  
5 period of suspension the Respondent shall engage in no activities for which certification as a  
6 Certified Public Accountant or Public Accountant is required as described in Business and  
7 Professions Code, Division 3, Chapter 1, Section 5051.

8           2.     **Obey All Laws.** Respondent shall obey all federal, California, other  
9 states' and local laws, including those rules relating to the practice of public accountancy in  
10 California.

11           3.     **Submit Written Reports.** Respondent shall submit, within ten (10) days  
12 of completion of the quarter, written reports to the Board on a form obtained from the Board.  
13 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,  
14 and verification of actions as are required. These declarations shall contain statements relative to  
15 Respondent's compliance with all the terms and conditions of probation. Respondent shall  
16 immediately execute all release of information forms as may be required by the Board or its  
17 representatives.

18           4.     **Personal Appearances.** Respondent shall, during the period of probation,  
19 appear in person at interviews/meetings as directed by the Board or its designated  
20 representatives, provided such notification is accomplished in a timely manner.

21           5.     **Comply With Probation.** Respondent shall fully comply with the terms  
22 and conditions of the probation imposed by the Board and shall cooperate fully with  
23 representatives of the Board of Accountancy in its monitoring and investigation of the  
24 Respondent's compliance with probation terms and conditions.

25           6.     **Practice Investigation.** Respondent shall be subject to, and shall permit,  
26 practice investigation of the Respondent's professional practice. Such a practice investigation  
27 shall be conducted by representatives of the Board, provided notification of such review is  
28 accomplished in a timely manner.

1                   7.     **Comply With Citations.** Respondent shall comply with all final orders  
2 resulting from citations issued by the Board of Accountancy.

3                   8.     **Tolling of Probation For Out-of-State Residence/Practice.** In the event  
4 Respondent should leave California to reside or practice outside this state, Respondent must  
5 notify the Board in writing of the dates of departure and return. Periods of non-California  
6 residency or practice outside the state shall not apply to reduction of the probationary period, or  
7 of any suspension. No obligation imposed herein, including requirements to file written reports,  
8 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise  
9 affected by such periods of out-of-state residency or practice except at the written direction of the  
10 Board.

11                  9.     **Violation of Probation.** If Respondent violates probation in any respect,  
12 the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation  
13 and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke  
14 probation is filed against Respondent during probation, the Board shall have continuing  
15 jurisdiction until the matter is final, and the period of probation shall be extended until the matter  
16 is final.

17                  10.    **Completion of Probation.** Upon successful completion of probation,  
18 Respondent's license will be fully restored.

19                  11.    **Continuing Education Courses.** Respondent shall complete 40 hours of  
20 continuing professional education courses as specified by the Board or its designee at the time of  
21 Respondent's first probation appearance. The continuing professional education courses shall be  
22 completed in addition to the 40 hours required for the October 31, 2008 license renewal, which  
23 time-frame shall be incorporated as a condition of this probation.

24                         Failure to satisfactorily complete the required courses as scheduled or failure to  
25 complete same no later than 100 days prior to the termination of probation shall constitute a  
26 violation of probation.

27                  12.    **Ethics Course/Examination.** Respondent shall take and pass with a score  
28 of 90 percent or better a Board approved ethics examination prior to the resumption of practice.

1 If Respondent fails to pass said examination prior to the resumption of practice or  
2 within two attempts, Respondent shall so notify the Board and Respondent shall be suspended  
3 from the practice of accountancy until he takes and passes said exam, has submitted proof of  
4 same to the Board, and has been notified by the Board that he may resume practice. Failure to  
5 pass the required examination no later than 100 days prior to the termination of probation shall  
6 constitute a violation of probation.

7 Notwithstanding any other provision of this probation, failure to take and pass this  
8 examination within five years of the effective date of this order constitutes a separate cause for  
9 discipline of Respondent's license.

10 13. **Cost Reimbursement.** Respondent shall reimburse the Board \$4,000.00  
11 for its investigation and prosecution costs. The payment shall be made within 30 days of the  
12 date the Board's decision is final.

13 14. **Immediate Probation/Suspension Effective Date.** It is understood that  
14 Respondent is voluntarily consenting to the adoption of this Stipulated Settlement as the Board's  
15 Decision, enabling the Board of Accountancy of the State of California to place his Certified  
16 Public Accountant Certificate on probation and suspension effective upon the date of the Board's  
17 action to adopt.

18 ACCEPTANCE

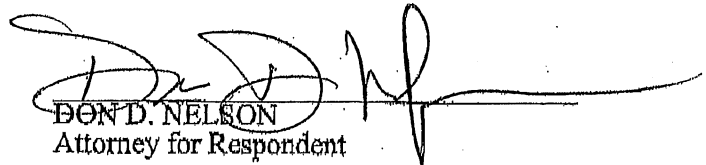
19 I have carefully read the above Stipulated Settlement and Disciplinary Order and  
20 have fully discussed it with my attorney, Don D. Nelson. I understand the stipulation and the  
21 effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated  
22 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be  
23 bound by the Decision and Order of the California Board of Accountancy.

24 DATED: Aug 7, 2006

25  
26 Michael James Bonner  
27 MICHAEL JAMES BONNER  
28 Respondent

1 I have read and fully discussed with Respondent Michael James Bonner the terms  
2 and conditions and other matters contained in the above Stipulated Settlement and Disciplinary  
3 Order. I approve its form and content.

4 DATED: 8/7/06

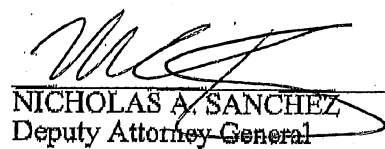
5  
6   
7 DON D. NELSON  
8 Attorney for Respondent

9 ENDORSEMENT

10 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully  
11 submitted for consideration by the California Board of Accountancy of the Department of  
12 Consumer Affairs.

13  
14 DATED: 8/27/2006

15 BILL LOCKYER, Attorney General  
16 of the State of California

17   
18 NICHOLAS A. SANCHEZ  
19 Deputy Attorney General

20 Attorneys for Complainant

21 DOJ Matter ID: LA2005600242  
22 60129354.3.wpd  
23  
24  
25  
26  
27  
28

**Exhibit A**

**Accusation No. AC-2006-1**

1 BILL LOCKYER, Attorney General  
of the State of California  
2 NICHOLAS A. SANCHEZ, State Bar No. 207998  
Deputy Attorney General  
3 California Department of Justice  
300 So. Spring Street, Suite 1702  
4 Los Angeles, CA 90013  
Telephone: (213) 897-2542  
5 Facsimile: (213) 897-2804  
6 Attorneys for Complainant

7  
8 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
9 **DEPARTMENT OF CONSUMER AFFAIRS**  
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:	Case No. AC-2006-1
12 MICHAEL JAMES BONNER	
13 22343 Barcotta Drive	
14 Santa Clarita, CA 91350	<b>ACCUSATION</b>
15 Certified Public Accountant Certificate No. CPA 45688	
16 Respondent.	

17 Complainant alleges:

18 **PARTIES**

19 1. Carol Sigmann (Complainant) brings this Accusation solely in her official  
20 capacity as the Executive Officer of the California Board of Accountancy, Department of  
21 Consumer Affairs (Board).

22 2. On or about August 1, 1986, the California Board of Accountancy issued  
23 Certified Public Accountant Certificate No. CPA 45688 to Michael James Bonner (Respondent).

24 3. The certificate was expired and not valid during the following periods:

25 November 1, 1990 through December 19, 1990  
26 November 1, 1992 through November 27, 1992  
27 November 1, 1994 through November 25, 1994  
November 1, 1996 through October 31, 2001

28 / / /

1                   4.     For the period of November 1, 2001 through June 27, 2005, the certificate  
2 was renewed "inactive."

3                   5.     Effective June 28, 2005, the certificate was converted to "active" status.

4                   6.     The certificate will expire on October 31, 2006, unless renewed.

5                                   JURISDICTION

6                   7.     This Accusation is brought before the California Board of Accountancy  
7 (Board), Department of Consumer Affairs, under the authority of the following laws. All section  
8 references are to the Business and Professions Code unless otherwise indicated.

9                   8.     Section 5050 states:

10                         "No person shall engage in the practice of public accountancy in this State unless  
11 such person is the holder of a valid permit to practice public accountancy issued by the board;  
12 provided, however, that nothing in this chapter shall prohibit a certified public accountant or a  
13 public accountant of another state, or any accountant of a foreign country lawfully practicing  
14 therein, from temporarily practicing in this State on professional business incident to his regular  
15 practice in another state or country."

16                   9.     Section 5051 states:

17                         "Except as provided in Sections 5052 and 5053, a person shall be deemed to be  
18 engaged in the practice of public accountancy within the meaning and intent of [Chapter 1 of  
19 Division 3 (commencing with Section 5000)] if he or she does any of the following:

20                         "(a) Holds himself or herself out to the public in any manner as one skilled in the  
21 knowledge, science, and practice of accounting, and as qualified and ready to render professional  
22 service therein as a public accountant for compensation.

23                         "(b) Maintains an office for the transaction of business as a public accountant.

24                         "(c) Offers to prospective clients to perform for compensation, or who does  
25 perform on behalf of clients for compensation, professional services that involve or require an  
26 audit, examination, verification, investigation, certification, presentation, or review of financial  
27 transactions and accounting records.

28     / / /

1           "(d) Prepares or certifies for clients reports on audits or examinations of books or  
2 records of account, balance sheets, and other financial, accounting and related schedules,  
3 exhibits, statements, or reports that are to be used for publication, for the purpose of obtaining  
4 credit, for filing with a court of law or with any governmental agency, or for any other purpose.

5           "(e) In general or as an incident to that work, renders professional services to  
6 clients for compensation in any or all matters relating to accounting procedure and to the  
7 recording, presentation, or certification of financial information or data.

8           "(f) Keeps books, makes trial balances, or prepares statements, makes audits, or  
9 prepares reports, all as a part of bookkeeping operations for clients.

10           "(g) Prepares or signs, as the tax preparer, tax returns for clients.

11           "(h) Prepares personal financial or investment plans or provides to clients  
12 products or services of others in implementation of personal financial or investment plans.

13           "(i) Provides management consulting services to clients.

14           "The activities set forth in subdivisions (f) to (i), inclusive, are 'public  
15 accountancy' only when performed by a certified public accountant or public accountant, as  
16 defined in this chapter.

17           "A person is not engaged in the practice of public accountancy if the only services  
18 he or she engages in are those defined by subdivisions (f) to (i), inclusive, and he or she does not  
19 hold himself or herself out, solicit, or advertise for clients using the certified public accountant or  
20 public accountant designation. A person is not holding himself or herself out, soliciting, or  
21 advertising for clients within the meaning of this section solely by reason of displaying a CPA or  
22 PA certificate in his or her office or identifying himself or herself as a CPA or PA on other than  
23 signs, advertisements, letterhead, business cards, publications directed to clients or potential  
24 clients, or financial or tax documents of a client."

25           10.    Section 5100 states, in pertinent part:

26           "After notice and hearing the board may revoke, suspend, or refuse to renew any  
27 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5  
28 (commencing with Section 5080), or may censure the holder of that permit or certificate for

1 unprofessional conduct that includes, but is not limited to, one or any combination of the  
2 following causes:

3 . . . .

4 "(g) Willful violation of this chapter or any rule or regulation promulgated by the  
5 board under the authority granted under this chapter. . . ."

6 11. Title 16, California Code of Regulations, section 80, states, in pertinent  
7 part:

8 "Upon application, a licensee may have his/her license placed in an inactive  
9 status.

10 "(a) The holder of an inactive license shall not engage in the practice of public  
11 accountancy as defined in Section 5051 of the Business and Professions Code. This section does  
12 not prohibit a holder of an inactive license from receiving a share of the net profits from a public  
13 accounting firm or other compensation from a public accounting firm, provided that the licensee  
14 does not otherwise engage in the practice of public accountancy, directly or indirectly.

15 . . . .

16 "(d) At the time of renewal, the holder of an inactive license may convert his or  
17 her license to active status by paying the renewal fee and complying with the continuing  
18 education requirements as stated in Section 87.

19 "(e) The holder of an inactive license may convert to active status prior to his/her  
20 next renewal by meeting the continuing education requirements as stated in Section 87.1."

21 12. Title 16, California Code of Regulations, section 87, states, in pertinent  
22 part:

23 "(a) 80 Hours.

24 As a condition of active status license renewal, a licensee shall complete at least  
25 80 hours of qualifying continuing education as described in Section 88 in the two-year period  
26 immediately preceding license expiration, and meet the reporting requirements specified in  
27 subsection (a) of Section 89. A licensee engaged in the practice of public accountancy as defined  
28 in Section 5051 of the Business and Professions Code is required to hold a license in active

1 status. No carryover of continuing education is permitted from one two-year license renewal  
2 period to another.

3 . . . .

4 “(c) Accounting and Auditing Continuing Education Requirement.

5 A licensee who engages in planning, directing, performing substantial portions of  
6 the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24  
7 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course  
8 subject matter specified in this subsection. Course subject matter must pertain to financial  
9 statement preparation and/or reporting (whether such statements are prepared on the basis of  
10 generally accepted accounting principles or other comprehensive bases of accounting), auditing,  
11 reviews, compilations, industry accounting, attestation services, or assurance services. This  
12 continuing education shall be completed in the same two-year license renewal period as the  
13 report is issued. If no report is issued because the financial statements are not intended for use by  
14 third parties, the continuing education shall be completed in the same two-year license renewal  
15 period as the financial statements are submitted to the client.

16 “(d) A licensee who must complete continuing education pursuant to subsections  
17 (b) and/or (c) of this section shall also complete an additional eight hours of continuing education  
18 specifically related to the detection and/or reporting of fraud in financial statements. This  
19 continuing education shall be part of the 80 hours of continuing education required by subsection  
20 (a), but shall not be part of the continuing education required by subsections (b) or (c). This  
21 requirement applies to licensees who renew their licensee on or after July 1, 2005.

22 . . . .

23 “(g) Failure to Comply.

24 A licensee's willful failure to comply with the requirements of this section shall  
25 constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act.”

26 / / /

27 / / /

28 / / /

13. Title 16, California Code of Regulations, section 94, states:

"Failure to comply with these continuing education rules by a licensee engaged in public practice, as defined in Business and Professions Code Section 5051, constitutes cause for disciplinary action under Section 5100."

14. Section 5107, subdivision (a), states:

"The executive officer of the board may request the administrative law judge, as part of the proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate found to have committed a violation or violations of this chapter to pay to the board all reasonable costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees. The board shall not recover costs incurred at the administrative hearing."

## FIRST CAUSE FOR DISCIPLINE

(Practice of Accountancy Without a Valid License)

15. Respondent is subject to disciplinary action under sections 5100; subdivision (g), and 5050 for unprofessional conduct, in that Respondent engaged in the practice of accountancy from on or about 1997 through on or about June 24, 2005, while his certificate was not renewed and invalid or in an "inactive" status. Through investigation correspondence between the Board and Respondent, Respondent's statements are as follows:

a. Referring to the years 1997 through 2002, on or about July 16, 2004, Respondent stated: "The small accountancy practice I have maintained during this period consists only of tax, write up, and some consulting services."

b. Referring to tax years 2002, 2003 and 2004, and his accountancy practice, on or about May 10, 2005, Respondent stated: "I have also included copies of tax returns prepared [for others] for the years 2002 and 2003, and financial statements submitted to clients for the years 2003 and 2004."

c. For the tax years 1997 through 2003, Respondent provided to the Board his personal income tax returns which identify Schedule C business income earned through his practice of accountancy.

/ / /

1           d.       On or about March 24, 2004, Respondent issued a 2003 Federal and State  
2 corporation tax return preparation billing for services utilizing his title designation as a "Certified  
3 Public Accountant,"

4           e.       On or about June 24, 2005, Respondent certified under penalty of perjury  
5 to the truth and accuracy of all statements on his "Status Conversion Form From Inactive to  
6 Active License Status" form filed with the Board, wherein he answered "Yes to the question: "In  
7 the 24 months prior to converting to active status, did you plan, direct, or perform substantial  
8 portions of the work, or report on an audit, review, compilation, or attestation service?"

9                               SECOND CAUSE FOR DISCIPLINE

10                              (Failure to Comply)

11           16.       Respondent is subject to discipline pursuant to Code 5100, subdivision (g),  
12 for having violated Title 16, California Code of Regulations, section 87, subdivision (g), in that  
13 he failed to comply with the continuing education requirements from on or about 1996 through  
14 on or about 2003. The circumstances are as follows:

15           a.       Respondent's license expired on October 31, 1996, and was not renewed  
16 until November 1, 2001. For the renewal period ending October 31, 2002, Respondent failed to  
17 complete the required 8-hour course in Professional Conduct and Ethics. Respondent continued  
18 to practice public accountancy without having completed the requisite 80 hours of continuing  
19 education. Respondent's license was renewed in "inactive" status for the period ending October  
20 31, 2003. The allegations contained in paragraph 15 above are incorporated by reference as if  
21 fully set forth.

22                              PRAYER

23           WHEREFORE, Complainant requests that a hearing be held on the matters herein  
24 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

25           1.       Revoking, suspending, or otherwise imposing discipline upon Certified  
26 Public Accountant Certificate No. CPA 45688, issued to Michael James Bonner.


27       / / /

28       / / /

2. Ordering Michael James Bonner to pay the California Board of Accountancy the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 5107;

3. Taking such other and further action as deemed necessary and proper.

DATED: December 7, 2005

  
CAROL SIGMANN  
Executive Officer  
California Board of Accountancy  
Department of Consumer Affairs  
State of California

Complainant

LA2005600242  
60104811.2.wpd  
10/17/2005dmc